

6 December 2017

Mr Pradeep Fernando
 Director
 Network Finance and Reporting Branch
 Australian Energy Regulator
 23 Marcus Clarke Street
 Canberra 2601

Dear Mr Fernando

In September 2017, Professor Tony Van Zijl, Vhari McWha and I co-authored a report for the Australian Energy Regulator (AER), entitled *Efficient allocation and compensation for inflation risk*. This report was made available by the AER on its website when the AER published its Preliminary Position paper *Regulatory Treatment of Inflation*, October 2017.

The AER subsequently provided us with copies of the following submissions it had received on its Preliminary Position paper:

Document	Author
AGN, Citipower, Powercor and SAPN - Joint submission on AER preliminary position - Inflation review - 7 November 2017	Australian Gas Networks Limited (AGN), CitiPower, Powercor Australia, SA Power Networks
APA – Submission on AER preliminary position – Inflation review – 7 November 2017	Australian Pipeline Limited (APA Group)
AusNet Services – Submission on AER preliminary position – Inflation review – 3 November 2017	AusNet Services
CCP – Submission on AER preliminary position – Inflation review – 6 November 2017	Consumer Challenge Panel (CCP)
ECA – Submission on AER preliminary position – Inflation review – 6 November 2017	Energy Consumers Australia (ECA)

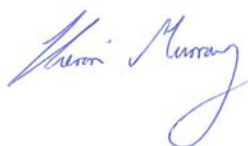
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ENA – Submission on AER preliminary position – Inflation review – 6 November 2017	Energy Networks Australia (ENA)
ENA – Submission on AER preliminary position – Inflation review – Attachment A – 6 November 2017	Energy Networks Australia (ENA)
Jemena – Submission on AER preliminary position – Inflation review – 6 November 2017	Jemena Electricity Networks
Spark Infrastructure – Submission on AER preliminary position – Inflation review – 9 November 2017	Spark Infrastructure

We have read the above documents. We did not identify in the submissions any comment or analysis which would indicate an error in our report, nor which would cause us to revisit or reconsider our analysis and conclusions. Nor have we become aware of any information or analysis from other sources which would cause us to review or amend our analysis. We therefore do not propose to make any amendments to our September 2017 report.

Yours sincerely



Kieran Murray
Managing Director